

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF THE UNION LIGHT, HEAT)
AND POWER COMPANY FOR WAIVER FROM) CASE NO. 98-429
ADMINISTRATIVE REGULATION 807 KAR)
5:006, SECTION 14(3) AND SECTION 15(1))

O R D E R

The Union Light, Heat and Power Company ("ULH&P") has petitioned for a waiver from the requirements of Administrative Regulation 807 KAR 5:006, Section 14(3) and Sections 15(1)(b) and (c), that limit the extent to which a customer with outstanding utility bills may enter into a payment plan. Finding good cause exists to grant the petition, the Commission grants the requested relief.

Administrative Regulation 807 KAR 5:006, Section 14(3), extends the time period in which an electric or gas utility is prohibited from terminating electric service during the winter heating season.¹ This extension applies only to certain low-income customers who are issued disconnection notices during the winter heating season. As a condition for receiving this extended protection from termination, the low-income customer must agree to a repayment plan "which will permit the customer to become current in the payment of his bill as soon as possible but not later than October 15."

Administrative Regulation 807 KAR 5:006, Section 15(1), requires an electric or gas utility to reconnect electric service during the winter heating season to certain low-income residential customers who have been disconnected for nonpayment of bills. To

¹ The winter heating season runs from November 1 through March 31.

qualify for reconnection, the customer must pay one-third (1/3) of his outstanding bill or \$200, whichever is less, and agree to a repayment schedule that brings him current in the payment of his electric bill no later than October 15 following the execution of the agreement.

ULH&P requests the authority to enter into extended payment plans of up to 3 years and to require lower monthly payments. It argues that approximately 53 percent of ULH&P customers who enter payment plans required by these regulations fail to meet their obligations. Based upon its experience, ULH&P submits, these customers are entering payment plans that "they more likely than not know they will fail to satisfy" because they have no other alternative to obtaining necessary utility service. Application at 1. Extended payment plans and reduced monthly payments, it asserts, "will help a greater number of customers successfully satisfy their past obligations" and create a "heightened level of dignity and respect" when these customers meet their obligations.

Having considered the petition, the Commission finds that good cause exists to grant ULH&P's petition and that ULH&P should be permitted to deviate from the requirements of Administrative Regulation 807 KAR 5:006, Section 14(3), and 807 KAR 5:006, Section 15(b) and (c), until July 1, 2002. At the expiration of this period, ULH&P may petition for a permanent deviation from these regulations.

IT IS THEREFORE ORDERED that:

1. ULH&P's Petition for Waiver is granted.
2. ULH&P is granted authority until July 1, 2002 to deviate from the requirements of Administrative Regulation 807 KAR 5:006, Section 14(3), to the extent

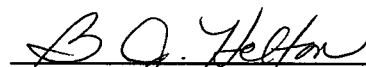
that it may enter into agreements with eligible customers that provide for repayment of outstanding balances over a period not to exceed 3 years.

3. ULH&P is granted authority until July 1, 2002 to deviate from the requirements of Administrative Regulation 807 KAR 5:006, Section 15(1)(b) and (c), to the extent that it may enter into agreements with eligible customers that provide for repayment of outstanding balances over a period not to exceed 3 years and may require lower monthly payments than currently required by these regulations.

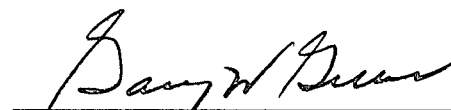
4. For each report filed with the Commission pursuant to Administrative Regulation 807 KAR 5:006, Section 3(3), for the next 3 years, ULH&P shall report in addition to the required information the level of uncollectible residential accounts as of June 30, and the number of residential accounts terminated during the covered period which had entered repayment plans pursuant to 807 KAR 5:006, Section 14(1), or 807 KAR 5:006, Section 15(1).

Done at Frankfort, Kentucky, this 22nd day of December, 1998.

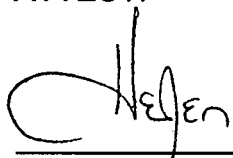
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

